

Senate Committee
on Budget and Fiscal Review

SUBCOMMITTEE No. 1
on
Education

MAJOR ACTION
REPORT

May 28, 2004

Senate Bill 1095
2004-05 Budget Bill

Members

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SUBCOMMITTEE No. 1

EDUCATION

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K-12 EDUCATION

6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated the same level of Proposition 98 Funding for K-12 education programs as proposed by the Governor's May Revision proposal in 2004-05.
- Assumed Proposition 98 increases above the Governor's January Budget of \$267 million in 2003-04 and \$275 million in 2004-05 to account for changes in enrollment and higher General Fund revenues, per the Governor's May Revision.
- Utilized May Revision increase in Proposition 98 funding available in 2003-04 to pay off some P2 apportionment deferrals that commenced with the 2002-03 budget.
- Utilized 2004-05 Proposition 98 increases to fund augmentations for instructional materials and deferred maintenance beyond those proposed by the Governor's May Revision.
- Eliminated \$110.0 million in funding for revenue limit "equalization" in 2004-05, as proposed by the Governor's May Revision.
- Provided a net increase of \$143 million for revenue limit and categorical program enrollment growth and COLA adjustments. This reflects a decline in ADA growth rates from 1.02 percent to 0.95 percent (-\$110 million) and an increase in COLA rates from 1.84 to 2.41 percent (\$253 million) from the Governor's January estimates.
- Rejected the Governor's proposal to shift \$2.0 billion in funding for 22 education categorical programs into a new revenue limit "add-on" program.
- Augmented funding for Instructional Materials by \$85 million above the Governor's May Revision – bringing *new* funding in 2004-05 to \$185 million. The additional \$85 million is targeted to students attending schools in the lowest two deciles of the API. An additional \$175 million the Governor proposed to shift to revenue limits is retained for Instructional Materials, bringing total categorical funding to \$360 million in 2004-05.
- Augmented funding for Deferred Maintenance by \$66.2 million above the Governor's May Revision, which will bring total funding to approximately \$250 million in 2004-05 – the level proposed in the Governor's January Budget.
- Adopted the Governor's Budget proposal to defer payment of all education mandates in 2004-05 for a savings of over \$300 million.
- Fully funded the PERS employee costs consistent with the rates recently adopted by PERS. This generated savings of \$141 million compared to the Governor's May Revision, because the rates that PERS adopted were lower than the May Revision assumed.

- Adopted \$36 million in the Governor's Budget for the PERS Mitigation Offset in order to assist school districts in making retirement contributions for classified employees.
- Adopted the Governor's May Revision to provide an additional \$31.0 million in permanent special education funds to assist LEAs in providing mental health related services to children with exceptional needs. This increases total funding for these purposes to \$100 million in 2004-05.
- Adopted the Governor's May Revision to provide \$38.4 million in special education funds to implement revisions to the funding formula for students with exceptional needs who reside in licensed children's institutions and other out-of-home placements, subject to pending legislation. A small portion of these funds (\$400,000) is directed to increase the size of the state's extraordinary cost pool for nonpublic-school placements.
- Adopted the May Revision proposal of an additional \$29.6 million in federal Title I-Reading First funds to provide diagnostic reading assessments and remedial reading instruction to young students being considered for referral to special education.
- Authorized \$68.0 million in federal Title I-School Improvement funding to provide district accountability under the No Child Left Behind Act, per the Governor's May Revision. This appropriation would be available pursuant to legislation.
- Approved \$25 million in new funding for school libraries, approximately \$70 million below the level proposed by the Governor's May Revision.
- Appropriated approximately \$28.4 million for the High Priority Schools program in order to fund a new cohort of schools in Decile 2 of the API. These funds are appropriated as a "balancer" to meet appropriation levels reflected in the Governor's Budget May Revision.
- Approved the Governor's May Revision to reduce funding for Excess Property Tax Districts by \$2.7 million in order to reduce categorical funding commensurate with an ongoing revenue limit deficit factor of 0.3 percent for LEAs.
- Adopted the May Revision to restore \$7.7 million in order to provide one more year of funding for the Charter Schools Facilities Grant. The Governor's January budget proposed to eliminate funding for the program.
- Restored reductions for several categorical programs included in the Governor's Budget: Local Education Art Partnerships (\$6 million); Healthy Start (\$2.0 million); School-to-Career (\$1.7 million); and Advancement Via Individual Determination (AVID) (\$1.2 million).
- Reduced non-Proposition 98 General Funds by \$167 million in 2004-05 in savings, but directs the Governor's associated proposal for refinancing emergency loans to school districts through the state's Infrastructure Bank to policy committee.

- Increased non-Proposition 98 General Funds by \$60 million in 2003-04 as a set-aside for the impending emergency loan to the Vallejo City Unified School District.

CHILD DEVELOPMENT

6110 CALIFORNIA DEPARTMENT OF EDUCATION – CHILD DEVELOPMENT

- Reversed all of the Governor's child care reform proposals and restored the programs to their 2003-04 levels using General Fund (Proposition 98), as follows:
 - Rejected Governor's proposal to eliminate subsidized child care services to 11- and 12-year-old children and instead shift care for those children to state and federal after school programs.
 - Denied administration's proposal to implement a tiered income eligibility system.
 - Denied Governor's proposed child care family fee reforms.
 - Rejected Governor's proposal to implement a tiered reimbursement rate schedule for child care providers.
 - Rejected Governor's proposal to limit the length of time former CalWORKS recipients can receive subsidized child care services under Stage 3.
 - Denied administration's proposal to limit the amount of time parents can be enrolled in education and vocational training programs and still retain subsidized child care services.
 - Increased funding pursuant to the Governor's proposal, for the federal 21st Century Learning Centers program.
 - Provided an additional 5.5 positions to the child development division of the California Department of Education to address fraud prevention and compliance issues.
 - Added 4.0 positions to the child development division of the California Department of Education to administer the expanding federal 21st Century Learning Centers program.

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

- Approved Governor's Proposal to reduce funding for Public Library Foundation by \$1.4 million, bringing the total appropriation level for 2004-05 to \$14.4 million.

6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION (CPEC)

- Approved operational funding for CPEC, as budgeted.

6440 UNIVERSITY OF CALIFORNIA

- Denied the majority of the Governor's higher education budget cut proposals.
- Approved undergraduate fee increases of 10 percent (rather than the 14 percent proposed by the Governor and approved by the UC Board of Regents) and appropriated an additional \$24 million General Fund to "backfill" the lost fee revenue.
- Approved graduate student fee increases of 20 percent.
- Approved professional student fee increases of 20 percent, rather than the 30 percent increase proposed by the Governor and approved by the UC Board of Regents, and appropriated \$20 million GF to "backfill" the lost fee revenue.
- Restored an additional \$33 million GF to support student academic preparation and outreach programs at the UC. Governor's proposal would have eliminated all state funding for these programs.
- Denied Governor's proposal to redirect ten percent of UC's incoming freshman class to the California Community Colleges and provided \$24.8 million GF to fund the enrollment costs affiliated with these 3,200 students.
- Provided an additional \$34.4 million GF to support 2.33 percent enrollment growth at the UC.
- Provided \$69.1 million GF to fund a 2.41 percent cost-of-living-adjustment (COLA) similar to the COLA proposal funded in K-14 education.
- Reestablished the Institute for Labor Studies at the UC and provided an augmentation of \$3.8 million GF to support the continuation of the Institute.
- Eliminated all \$20 million in GF support for the development of the new UC Merced campus.

- Denied Governor's proposal to decrease the amount of fee revenue set-aside for campus-based financial aid and instead appropriated \$29.1 million General Fund to retain the set-aside at the 33 percent level.
- Denied the Governor's proposal to charge students the full cost of instruction if they enrolled in over 110 percent of the units required to obtain a degree and "backfilled" the revenue lost as a result of denying the proposal.
- Approved all Capital Outlay projects as proposed by the Administration.

6610 CALIFORNIA STATE UNIVERSITY

- Denied the majority of the Governor's higher education budget cut proposals.
- Approved undergraduate fee increases of 10 percent (rather than the 14 percent proposed by the Governor and approved by the CSU Board of Trustees) and appropriated an additional \$21.2 million to "backfill" the lost fee revenue.
- Approved graduate student fee increases of 20 percent, rather than the 25 percent increase proposed by the Governor and approved by the CSU Board of Trustees. Subcommittee further appropriated \$4.1 million GF to "backfill" the lost fee revenue.
- Restored \$52 million GF to support student academic preparation and outreach programs at the CSU. Governor's proposal would have eliminated all state funding for these programs.
- Denied Governor's proposal to redirect 10 percent of CSU's incoming freshman class to the California Community Colleges and provided \$21.1 million GF to fund the enrollment costs affiliated with these 3,800 students.
- Provided an additional \$44.39 million GF to support 2.33 percent enrollment growth at the CSU.
- Provided \$63.4 million to fund a 2.41 percent cost-of-living-adjustment (COLA), similar to the COLA proposal funded in K-14 education.
- Denied Governor's proposal to decrease the amount of fee revenue set-aside for campus-based financial aid and instead appropriated \$29.1 million GF to retain the set-aside at the 33 percent level.
- Denied the Governor's proposal to charge students the full cost of instruction if they enrolled in over 110 percent of the units required to obtain a degree and "backfilled" the revenue lost as a result of denying the proposal.
- Approved all Capital Outlay projects as proposed by the Administration.

6600 HASTINGS COLLEGE OF LAW

- Approved law student fee increases of 20 percent rather than the 30 percent increase proposed by the Governor. Subcommittee further appropriated \$2.8 million GF to “backfill” the lost fee revenue.

6870 CALIFORNIA COMMUNITY COLLEGES

- Increased student fees from \$18 per unit to \$26 per unit, pursuant to the Governor’s proposal.
- Denied Governor’s proposal to charge community college students with a baccalaureate degree \$50 per unit, and instead provided \$4.8 million General Fund to “backfill” lost fee revenue and hold colleges harmless.
- Provided an additional \$80 million for Equalization (pursuant to the Governor’s proposal), contingent upon the enactment of legislation.
- Augmented the Governor’s proposal to provide 3 percent enrollment growth by \$27 million to instead provide for enrollment growth equivalent to 3.67 percent (for a total cost of \$148 million).
- Augmented Governor’s noncredit education proposal by \$2 million in order to increase the noncredit instruction-funding rate by a total of \$6 million.
- Adopted Governor’s proposal to fold the Partnership for Excellence categorical program into the General Apportionments “base.” And adopted revised Budget Bill Language specifying outcome goals and reporting requirements.
- Augmented the amount of funding available in the current year (by \$28.4 million) for scheduled maintenance, special repairs, instructional equipment, and library materials due to an increase in the 2003-04 Proposition 98 guarantee. Committee decreased the amount of funding available for these programs in 2004-05 by a like-amount.
- Continued the deferral of \$200 million worth of general apportionment expenditures from June 2005 to July of 2005.

7980 CALIFORNIA STUDENT AID COMMISSION

- Rejected the Governor’s proposal to decrease the income ceilings for the Cal Grant A and B program and provided \$11.2 million from the Student Loan Operating Fund (SLOF) to avoid the General Fund expense of this restoration.
- Denied the Governor’s proposal to decrease the maximum Cal Grant award level for students attending private colleges and universities and restored \$32.7 million from the SLOF to backfill the reduction.

- Approved the Governor's proposal to retain Cal Grant funding of student fee increases at UC and CSU.
- Rejected the Governor's proposal to reduce the number of Competitive Cal Grant awards by 5,625.
- Denied the Governor's proposal to reduce the number of Assumption Program of Loans for Education (APLE) warrants and alter the priorities within the program.
- Denied the Governor's proposal to shift \$134 million worth of ongoing Cal Grant costs from the General Fund to the Student Loan Operating Fund and instead shifted \$49.3 million worth of Cal Grant costs (associated with rejecting the Governor's various Cal Grant proposals) to the Fund.